

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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FEA-01 ERDA-05 DODE-00 FPC-01 H-02 INT-05 L-02 NSC-05

PM-03 USIA-06 SAM-01 OES-03 SS-15 STR-04 SSO-00

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TO SECSTATE WASH DC IMMEDIATE 7188

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E.O. 11652: N/A

TAGS: EGEN, OECD

SUBJECT: REVISED DRAFT MINISTERIAL COMMUNIQUE

REFS: A) USOECD 12684; B) USOECD 12563

1. FOLLOWING IS TEXT OF DRAFT MINISTERIAL COMMUNIQUE
TABLED BY SEC GEN AT MAY 22 HEADS OF DEL MEETING. THIS
TEXT REPLACES THOSE REPORTED REFTELS. IT WILL BE DISCUSSED
BY HEADS OF DEL AT 10:30 A.M., MAY 23.

BEGIN TEXT

1. THE COUNCIL OF THE OECD MET AT MINISTERIAL LEVEL IN
PARIS ON 28TH MAY, UNDER THE CHAIRMANSHIP OF MR. JAMES
CALLAGHAN, UNITED KINGDOM SECRETARY OF STATE FOR
FOREIGN AND COMMONWEALTH AFFAIRS, AND ON 29TH MAY, WITH
MR. DENIS HEALEY, UNITED KINGDOM CHANCELLOR OF THE
EXCHEQUER, IN THE CHAIR.

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THE ECONOMIC SITUATION

2. MINISTERS EXPRESSED CONFIDENCE THAT THE POLICIES OF OECD GOVERNMENTS ARE LEADING TO A RECOVERY OF DEMAND AND EMPLOYMENT AND THAT THIS CAN BE COMBINED WITH FURTHER REDUCTIONS IN THE AVERAGE RATE OF INFLATION. THEY AGREED ON THE NEED TO ENSURE, BY TIMELY ADJUSTMENTS OF POLICIES, THAT THE RECOVERY, ONCE UNDER WAY, DOES NOT DEGENERATE INTO A NEW PERIOD OF EXCESSIVE DEMAND PRESSURES. MINISTERS NOTED THAT THE SUBSTANTIAL INTERNATIONAL PAYMENTS DEFICIT ON CURRENT ACCOUNT OF OECD COUNTRIES AS A GROUP, WHICH HAS RECENTLY DECLINED, IS NEVERTHELESS LIKELY TO PERSIST FOR SOME TIME. THEY ALSO UNDERLINED THE IMPORTANCE OF ENSURING THAT ECONOMIC POLICIES ARE SUCH AS TO SECURE A MORE EVEN DISTRIBUTION OF THIS DEFICIT AS BETWEEN INDIVIDUAL COUNTRIES. GIVEN SUCH POLICIES, MINISTERS WERE CONFIDENT THAT, UNDERWRITTEN BY THE OFFICIAL BILATERAL AND MULTILATERAL ARRANGEMENTS NOW BEING PUT INTO OPERATION, THE FINANCING OF THE DEFICITS COULD BE CONTINUED ON AN ORDERLY BASIS.

3. MINISTERS STRESSED THAT POLICY DECISIONS CONCERNED WITH THE IMMEDIATE FUTURE HAD TO BE RELATED TO THE FORESEEABLE MEDIUM OR LONG-TERM PROBLEMS OF THE COMING YEARS OF STRUCTURAL CHANGE, AND TO THE BROAD STRATEGIES FOR RESOLVING THEM. THEY RECOGNIZED THE NEED TO RE-ASSESS, AS SPEEDILY AS POSSIBLE, THE PROSPECTS FOR SUSTAINED ECONOMIC GROWTH UNDER THE CONDITIONS NOW TAKING SHAPE, AND TO EXAMINE THE PROBLEMS OF EVOLVING SOCIALLY ACCEPTABLE AND ECONOMICALLY SOUND POLICIES TO COPE WITH CHANGING DEMAND PATTERNS.

TRADE

4. MINISTERS DECIDED TO RENEW, FOR A FURTHER PERIOD OF ONE YEAR, THE DECLARATION ADOPTED ON 30TH MAY, 1974, STATING THE DETERMINATION OF ALL OECD GOVERNMENTS TO AVOID RECOURSE TO NEW RESTRICTIONS ON TRADE AND OTHER CURRENT ACCOUNT TRANSACTIONS AND THE ARTIFICIAL STIMULATION OF VISIBLE AND CURRENT INVISIBLE EXPORTS. IN RENEWING THE DECLARATION, MINISTERS STRESSED THAT THE LIMITED OFFICIAL USE

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PRESENT SITUATION REQUIRED A HIGH DEGREE OF ECONOMIC COOPERATION. NOTING THAT THERE HAD BEEN A MARKED DIFFERENCE IN THE BALANCE-OF-PAYMENTS SITUATION OF OECD MEMBER COUNTRIES, THEY WELCOMED THE ECONOMIC MEASURES TAKEN BY CERTAIN OF THEM; AND THEY REAFFIRMED THAT, IN THE PRESENT STATE OF THE WORLD ECONOMY, IT REMAINED OF THE HIGHEST IMPORTANCE TO FOLLOW AN ECONOMIC POLICY WHICH COMBATED INFLATION BUT ALSO AIMED AT MAIN-

TAINING A HIGH LEVEL OF EMPLOYMENT AND EXPANSION OF
WORLD TRADE. THE WAY IN WHICH THIS POLICY SHOULD BE IM-
PLEMENTED MUST TAKE ACCOUNT OF THE RESPECTIVE SITUATIONS
OF MEMBER COUNTRIES. MINISTERS ALSO REAFFIRMED THAT,
FOR THE FURTHER DEVELOPMENT OF THE WORLD ECONOMY, LIBERAL
AND EXPANDED TRADE WAS OF THE UTMOST IMPORTANCE AND
THAT, TO THIS END, THEY WOULD WORK TOGETHER FOR THE
SUCCESS OF THE MULTILATERAL TRADE NEGOTIATIONS NOW UNDER
WAY.

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ENERGY

5. MINISTERS HEARD A REPORT FROM THE BELGIAN FOREIGN
MINISTER, MR. RENAAT VAN ELSLANDE, CHAIRMAN OF THE
GOVERNING BOARD OF THE INTERNATIONAL ENERGY AGENCY'S
MEETING AT MINISTERIAL LEVEL ON 27TH MAY. THEY EXPRES-

SED THEIR APPRECIATION OF THE WORK DONE WITHIN THE OECD ON PROBLEMS RELATED TO ENERGY AND WELCOMED THE NEW IMPULSE TO ENERGY CO-OPERATION GIVEN BY THE AGENCY'S ACTIVITIES.

6. MINISTERS AGREED ON THE NEED FOR ALL OECD COUNTRIES TO MAKE CONTINUED EFFORTS TO ENSURE THAT THE DIALOGUE BETWEEN OIL PRODUCING AND CONSUMING COUNTRIES WOULD CONTRIBUTE TO EQUITABLE AND STABLE CONDITIONS IN THE WORLD ENERGY MARKET.

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COMMODITIES

7. MINISTERS STRESSED THAT ADEQUATE SUPPLIES OF COMMODITIES AT EQUITABLE AND REMUNERATIVE PRICES ARE ESSENTIAL TO THE WORLD ECONOMY. THEY RECOGNIZED THE INTERDEPENDENCE AND COMMON INTEREST OF PRODUCERS AND CONSUMERS, IN BOTH DEVELOPED AND DEVELOPING COUNTRIES, PARTICULARLY IN RELATION TO THE AVOIDANCE OF EXCESSIVE FLUCTUATIONS IN COMMODITY MARKETS, AS WELL AS THE IMPORTANCE TO PRODUCERS OF ASSURED ACCESS TO MARKETS AND TO CONSUMERS OF SECURE SUPPLIES. THESE QUESTIONS ARE OF PARTICULAR CONCERN TO THOSE DEVELOPING COUNTRIES WHICH ARE HEAVILY DEPENDENT ON EXPORT EARNINGS FROM PRIMARY COMMODITIES.

8. RECOGNIZING THAT CIRCUMSTANCES VARY GREATLY BETWEEN DIFFERENT COMMODITIES AND GROUPS OF COMMODITIES, MINISTERS AGREED ON THE NEED TO DEVELOP SPECIFIC PROPOSALS FOR A MORE ACTIVE AND CONCERTED POLICY TOWARDS COMMODITIES, AIMING IN PARTICULAR AT:

- REDUCING MARKET INSTABILITY AND PROMOTING LONGER RUN EQUILIBRIUM BETWEEN PRODUCTION AND CONSUMPTION THROUGH ARRANGEMENTS TAILORED TO SUIT THE CHARACTERISTICS OF THE COMMODITIES IN QUESTION;
- ENSURING ADEQUATE LEVELS OF INVESTMENT IN EFFICIENT PRODUCTION OF COMMODITIES;
- IMPROVING MARKET OUTLETS AND INCREASED LOCAL PROCESSING OF COMMODITIES;
- STABILIZING THE EXPORT EARNINGS FROM COMMODITIES FOR THE POORER PRODUCING COUNTRIES;

9. MINISTERS AGREED THAT ADVANTAGE SHOULD BE TAKEN OF THE BETTER AGRICULTURAL CROPS EXPECTED THIS YEAR TO DEVELOP A SYSTEM OF SECURITY STOCKS OF ESSENTIAL FOODSTUFFS, NOTABLY GRAINS, AND STRESSED THE IMPORTANCE OF INCREASED FOOD PRODUCTION.

10. MINISTERS AGREED THAT THESE QUESTIONS SHOULD BE PURSUED ACTIVELY IN THE APPROPRIATE INTERNATIONAL BODIES, WITH A VIEW TO REACHING CONCRETE SOLUTIONS BASED ON CO-LIMITED OFFICIAL USE

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OPERATION BETWEEN PRODUCING AND CONSUMING COUNTRIES. THEY WELCOMED THE ESTABLISHMENT OF A HIGH-LEVEL GROUP IN THE OECD TO DEVELOP AND HARMONIZE MEMBER COUNTRIES' ATTITUDES BOTH ON GENERAL ASPECTS OF THEIR COMMODITY POLICIES AND ON SPECIFIC ACTION CONCERNING PARTICULAR COMMODITIES.

RELATIONS WITH DEVELOPING COUNTRIES

11. MINISTERS ADOPTED AN OECD DECLARATION ON RELATIONS WITH DEVELOPING COUNTRIES (ANNEXED TO THIS COMMUNIQUE). THEY FURTHER AGREED ON A REVIEW WITHIN THE OECD OF ECONOMIC RELATIONS BETWEEN MEMBER COUNTRIES AND DEVELOPING COUNTRIES. IN ORDER TO IDENTIFY THESE AREAS WHERE PROGRESS COULD BE MADE TOWARDS DEVELOPING INTERNATIONAL ECONOMIC RELATIONS ON A RATIONAL AND EQUITABLE BASIS.
END TEXT

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